RELIANCE EAGLEFORD UPSTREAM LLC
FINANCIAL STATEMENTS
2016-17

Independent Auditor's Report

TO THE BOARD OF MANAGERS OF RELIANCE EAGLEFORD UPSTREAM LLC.

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Reliance Eagleford Upstream LLC. ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Managersis responsible for the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Managers, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2016, and its loss, total comprehensive loss, its cash flows and the statement of changes in equity for the year ended on that date.

Other Reporting Requirements

We further report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W / W - 100018)

Abhijit A. Damle
(Partner)
Membership No. 102912

Mumbai, dated: 21st April, 2017

Balance Sheet as at 31 December, 2016

In USD

	Notes	As at 31st December, 2016	As at 31st December 2015	As at 1st January 2015
ASSETS				
Non-Current Assets				
(a) Financial assets				
(i) Investments	3	-	228,327,165	228,327,165
(ii) Loans	4	2,708,382,250	2,644,682,250	1,817,182,250
Total Non-Current Assets		**2,708,382,250**	**2,873,009,415**	**2,045,509,415**
Current Assets				
(a) Financial assets				
(i) Cash and cash equivalents	5	14,881	19,968	15,010
(ii) Other financial assets	6	21,074,855	44,995	26,262,272
Total Current Assets		**21,089,736**	**64,963**	**26,277,282**
Total Assets		**2,729,471,986**	**2,873,074,378**	**2,071,786,697**
EQUITY AND LIABILITIES				
Equity				
(a) Member's contribution	7	228,419,150	228,407,150	228,395,150
(b) Share of net income	8	(228,404,269)	(68,366)	(52,574)
Total Equity		**14,881**	**228,338,784**	**228,342,576**
Liabilities				
Non-Current Liabilities				
(a) Financial liabilities				
(i) Borrowings	9	2,708,382,250	2,644,682,250	1,817,182,250
Total Non-Current Liabilities		**2,708,382,250**	**2,644,682,250**	**1,817,182,250**
Current Liabilities				
(a) Financial liabilities				
(i) Other financial liabilities	10	21,074,855	53,344	26,261,871
Total Current Liabilities		**21,074,855**	**53,344**	**26,261,871**
Total Equity and Liabilities		**2,729,471,986**	**2,873,074,378**	**2,071,786,697**
Corporate information and significant accounting policies and notes to the financial statements	1-20			

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 21 April, 2017

For and on behalf of the board of managers

Thakur Sharma
Manager

Place: New York
Date: 20 April, 2017

Statement of Profit and Loss for the year ended 31 December, 2016

	Notes	2016	*In USD* 2015
INCOME			
Other income	11	148,606,685	103,592,350
Total income		**148,606,685**	**103,592,350**
EXPENSES:			
Employee benefits expense	12	7,848	7,843
Finance costs	13	148,607,271	103,592,903
Other expenses	14	228,327,469	7,396
Total expenses		**376,942,588**	**103,608,142**
(Loss) for the year		**(228,335,903)**	**(15,792)**
Other comprehensive income (OCI)		**-**	**-**
Total comprehensive (loss) for the year		**(228,335,903)**	**(15,792)**
Corporate information and significant accounting policies and notes to the financial statements	1-20		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 21 April, 2017

For and on behalf of the board of managers

Thakur Sharma
Manager

Place: New York
Date: 20 April, 2017

Statement of changes in equity for the year ended 31 December, 2016

A. MEMBER'S CONTRIBUTION

In USD

Balance at 1st January, 2015	Changes during the year 2015	Balance at 31st December, 2015	Changes during the year 2016	Balance at 31st December, 2016
228,395,150	12,000	228,407,150	12,000	228,419,150

B. SHARE OF NET INCOME

In USD

Year ended 31 December 2015	
Balance as at 1 January, 2015	(52,574)
(Loss) for the year	(15,792)
Balance as at 31 December, 2015	**(68,366)**
Year ended 31 December 2016	
Balance as at 1 January, 2016	(68,366)
(Loss) for the year	(228,335,903)
Balance as at 31 December, 2016	**(228,404,269)**

Statement of Cash Flows for the year ended 31 December, 2016

In USD

	Notes	2016	2016	2015	2015
Cash flows from operating activities					
(Loss) as per Statement of Profit and Loss			(228,335,903)		(15,792)
Adjustments for:					
Finance costs recognised in profit or loss	13	148,607,271		103,592,903	
Interest income recognised in profit or loss	11	(148,606,685)		(103,592,350)	
Provision for impairment in the value of investment	14	228,327,165		-	
			228,327,751		553
Operating (loss) before working capital changes			(8,152)		(15,239)
Movements in working capital:					
Decrease in other receivables	6	-		8,550	
(Decrease) / Increase in other paybles	10	(3,599)		200	
			(3,599)		8,750
Net cash (used in) operating activities			**(11,751)**		**(6,489)**
Cash flows from investing activities					
Loans to Partnership	4		(63,700,000)		(827,500,000)
Interest income	11		127,576,825		103,592,350
Net cash generated from / (used in) investing activities			**63,876,825**		**(723,907,650)**
Cash flows from financing activities					
Proceeds from long term borrowings	9		63,700,000		827,500,000
Members contribution	7		12,000		12,000
Finance costs	13		(127,582,161)		(103,592,903)
Net cash (used in) / generated from financing activities			**(63,870,161)**		**723,919,097**
Net (decrease) / increase in cash and cash equivalents			(5,087)		4,958
Cash and cash equivalents at the beginning of the year	5		19,968		15,010
Cash and cash equivalents at the end of the year (Refer note 5)			**14,881**		**19,968**
Corporate information and significant accounting policies and notes to the financial statements	1-20				

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 21 April, 2017

For and on behalf of the board of managers

Thakur Sharma
Manager

Place: New York
Date: 20 April, 2017

Notes to the financial statements for the year ended 31 December, 2016

1. GENERAL INFORMATION

A. Reliance Eagleford Upstream LLC (the "Company") was incorporated as a limited liability company on June 16, 2010, under Delaware Limited Liability Company Act. The registered office of the Company is situated at The Nemours Building, Suite 1410, 1007 Orange Street, Wilmington, Delaware 19801, United States of America. The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses through its investment in Reliance Eagleford Upstream Holding LP (the "Partnership").

The Company is a wholly owned subsidiary of Reliance Holding USA, Inc. (the "Holding Company"). The Company is an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed company (the "Ultimate Holding Company").

The Company is the limited partner of Reliance Eagleford Upstream Holding LP.

Company	Country of Incorporation	Percentage of Shareholding	Principle Business Activities
Reliance Eagleford Upstream Holding LP	USA	99.99%	Exploration and production of oil and gas

B. On 23 June, 2010, the Partnership executed definitive agreements to enter into a joint venture with Pioneer Natural Resources USA Inc. (Pioneer) under which the Partnership acquired a 45% interest in Pioneer's core Eagle Ford Shale acreage position in two separate transactions for a total of $264 million in cash and $1.05 billion of drilling carry obligations. The drilling carry obligations provided for 75% of the other joint venture partners' capital costs over an anticipated six-year development program. In addition, the Partnership will have to fund its share of the development plan.

Pioneer and Newpek LLC, Pioneer's then-current partner in the Eagle Ford Shale, simultaneously conveyed 45% of their respective interests in the Eagle Ford Shale to the Partnership. The Partnership became a partner in approximately 262,683 net acres. Pioneer continues to be the operator, with 46.354% participating interest. In December 2012, the Partnership fully met its $1.05 billion of drilling carry commitment.

2.1 STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS'), notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended December 31, 2015, the Company prepared its financial statements in accordance with the requirement of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company`s first Ind AS financial statements. The date of transition to Ind AS is 1 January, 2015. Refer note 2.5 for the details of first time adoption exemptions availed by the Company.

2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting polices below. The accounting policies have been applied consistently over all period presented in these financial statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurement are categorised within the fair value hierarchy into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

ii. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

iii. Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Leases:

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis with reference to the lease terms and other consideration.

B. Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

C. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Company has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. lf the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

D. Taxation:

The Company is not a tax paying entity for federal or state income tax purposes and accordingly, it does not recognize any expense for such taxes. The income tax liability resulting from the Company's activities is the responsibility of the Holding Company

E. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

Interest Income:

lnterest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. lnterest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

F. Investment in Subsidiary:

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, ‘Separate Financial Statements’. The details of such investments are given in Note 3. Impairment policy applicable on such investments is explained in note 2.3 (G).

G. Impairment of Investment:

Assets representing investment in subsidiary company is reviewed for impairment, whenever events or changes in circumstances indicate that carrying amount may not be recoverable. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment losses, if any, are recognized in the Statement of Profit and Loss. Impairment losses are reversed in the Statement of Profit and Loss only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognized.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

H. Financial Instruments:

I. Non-derivative financial instruments

i. Financial Assets.

a. Initial recognition and measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

b. Subsequent measurement

Financial assets carried at amortised cost (AC)

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

c. Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model to the following:

(a) Financial assets at amortised cost

(b) Financial assets measured at fair value through Other Comprehensive Income

The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses historical loss experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ii. Financial liabilities

a. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in profit or loss as finance cost.

b. Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

II. De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the Statement of Profit and Loss.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY:

In the application of the Company’s accounting policies, the managers of the Company are required to make judgements, estimates and assumptions about the carrying amount of the assets and liability that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Impairment of financial assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.5 FIRST TIME ADOPTION OF IND AS

The Company adopted Ind AS with effect from 1 January, 2016 however, the adoption of Ind AS does not have any impact on the recognition and measurement of assets and liabilities recognised under the previous GAAP.

(i) Designation of previously recognised financial instruments exemption

The Company does not have any financial assets or liabilities as of the transition date which were required to be designated, and which met the required criteria given in Ind AS 101, as a financial asset or financial liability at fair value through profit or loss.

(ii) Estimates

Upon an assessment of the estimates made under Indian GAAP, the Company has concluded that there was no necessity to revise the estimates under Ind AS except where estimates were required by Ind AS and not required by Indian GAAP.

(iii) Derecognition of financial assets and liabilities

Financial assets and liabilities derecognised before transition date are not re-recognised under Ind AS.

(iv) Hedge accounting

The Company has not identified any hedging relationships existing as of the transition date. Consequently, this exception, of not reflecting in its opening Ind AS Balance Sheet a hedging relationship of a type that does not qualify for hedge accounting under Ind AS 109, is not applicable to the Company.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

3 NON-CURRENT INVESTMENTS *In USD*

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Capital contribution in Reliance Eagleford Upstream Holding LP, a Partnership #	228,327,165	228,327,165	228,327,165
Less: Provision for impairment	228,327,165	-	-
TOTAL	**-**	**228,327,165**	**228,327,165**

Company is a 99.99% partner; the balance 0.01% is held by Reliance Eagleford Upstream GP LLC, a fellow subsidiary.

4 LOANS (NON-CURRENT) *In USD*

(Unsecured, considered good)

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Loans to related party (Refer note 18)	2,708,382,250	2,644,682,250	1,817,182,250
	2,708,382,250	**2,644,682,250**	**1,817,182,250**

5 CASH AND CASH EQUIVALENTS *In USD*

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Balance with banks	14,881	19,968	15,010
TOTAL	**14,881**	**19,968**	**15,010**

5.1 Balances with bank includes deposits maintained by the Company with banks, which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

6 OTHER FINANCIAL ASSETS (CURRENT) *In USD*

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Interest receivable from Partnership (Refer note 18)	21,074,855	44,995	26,253,722
Other advances (Refer note 18)	-	-	8,550
TOTAL	**21,074,855**	**44,995**	**26,262,272**

7 MEMBER'S CONTRIBUTION *In USD*

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Contribution by Holding Company	228,419,150	228,407,150	228,395,150
TOTAL	**228,419,150**	**228,407,150**	**228,395,150**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

8 SHARE OF NET INCOME

In USD

	As at 31st December, 2016		As at 31st December, 2015	
Opening balance	(68,366)		(52,574)	
(Loss) for the year	(228,335,903)		(15,792)	
		(228,404,269)		(68,366)
TOTAL		**(228,404,269)**		**(68,366)**

9 BORROWINGS (NON CURRENT)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Unsecured			
Loan from Holding Company (Refer note 18)	2,708,382,250	2,644,682,250	1,817,182,250
TOTAL	**2,708,382,250**	**2,644,682,250**	**1,817,182,250**

9.1 The Company borrows funds from the Holding Company @5.5% interest per annum as per loan agreement.

10 OTHER FINANCIAL LIABILITIES (CURRENT)

In USD

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Interest accrued but not due on borrowings (Refer note 18)	21,074,855	49,745	26,258,472
Other payables	-	3,599	3,399
TOTAL	**21,074,855**	**53,344**	**26,261,871**

11 OTHER INCOME

In USD

	2016	2015
Interest income (Refer note 18)	148,606,685	103,592,350
TOTAL	**148,606,685**	**103,592,350**

12 EMPLOYEE BENEFITS EXPENSE

In USD

	2016	2015
Salaries and wages	7,848	7,843
TOTAL	**7,848**	**7,843**

13 FINANCE COSTS

In USD

	2016	2015
Interest on loan from Holding Company (Refer note 18)	148,606,685	103,592,350
Other borrowing costs	586	553
TOTAL	**148,607,271**	**103,592,903**

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

14 OTHER EXPENSES

In USD

	2016	2015
Provision for impairment in the value of investment	228,327,165	-
Rent	304	7,088
Rates & taxes	-	300
General expenses	-	8
TOTAL	**228,327,469**	**7,396**

15 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's financial liabilities comprise mainly of borrowings and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, loans and other receivables.

Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company, with the support of its Holding Company, will ensure that sufficient liquidity is available to meet all of its commitments by raising loans or arranging other facilities as and when required.

Capital Management Risk:

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes during the years ended 31 December 2016 and 2015. Capital comprises of loans and equity. The Company is not exposed to any externally imposed capital requirements.

Gearing ratio:

The gearing ratio at the end of the period was as follows

	As at 31st December, 2016	As at 31st December, 2015	As at 1st January, 2015
Debt #	-	-	-
Less: Cash and cash equivalents	14,881	19,968	15,010
Net debt	(14,881)	(19,968)	(15,010)
Total equity	14,881	228,338,784	228,342,576
Net debt to equity ratio	-100%	0%	0%

Debt is defined as long term and short term borrowings excluding derivatives, financial guarantee contracts and contingent contracts. The Company lends solely to the Partnership on "back-to-back" basis only on receipt of matching loan from Holding Company. Hence the Company does not have any net debt exposure externally and therefore loan amount have been excluded for the purpose of this exercise.

Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company manages the risk by dealing with related parties.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

In USD

		Notes	As at 31st December, 2016	As at 31st December 2015	As at 1st January 2015
16	**CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS**				
	Financial assets				
	Measured at amortised cost (AC)				
	(i) Loans to a related party	4	2,708,382,250	2,644,682,250	1,817,182,250
	(ii) Cash and cash equivalents	5	14,881	19,968	15,010
	(iii) Other financial assets	6	21,074,855	44,995	26,262,272
	Financial liabilities				
	Measured at amortised cost (AC)				
	(i) Borrowings				
	(a) Non-current	9	2,708,382,250	2,644,682,250	1,817,182,250
	(ii) Other financial liabilities	10	21,074,855	53,344	26,261,871

17. GOING CONCERN CONSIDERATIONS:

The accumulated losses have almost eroded the net worth of the Company. The management has evaluated and concluded on the ability of the Company to continue as a going concern in the foreseeable future basis the continued support from the Holding Company and Reliance Industries Limited (RIL), the ultimate holding company as evidenced from the fact that RIL has guaranteed the outstanding bond liability of the Holding Company and has also been steadily infusing equity into the Holding Company and hence the accounts are prepared on a going concern basis.

Notes to the financial statements for the year ended 31 December, 2016 (Contd.)

18 RELATED PARTY

As per Ind AS 24, list of related parties where control exists and related parties with whom transactions have taken place and relationships are given below:

Name of the related party	Relation
Reliance Industries Limited	Ultimate Holding Company (Control exists)
Reliance Holding USA Inc.	Holding Company (Control exists)
Reliance Eagleford Upstream Holding LP	Partnership

Related Party Transactions

In USD

Name of the related party	Balances as at year end	As at 31st December 2016	As at 31st December 2015	As at 1st January 2015
Reliance Holding USA Inc	Loan from Holding Company	2,708,382,250	2,644,682,250	1,817,182,250
Reliance Eagleford Upstream Holding LP	Loan to Partnership	2,708,382,250	2,644,682,250	1,817,182,250
Reliance Eagleford Upstream Holding LP	Interest receivable	21,074,855	44,995	26,253,722
Reliance Eagleford Upstream Holding LP	Other advances	-	-	8,550
Reliance Holding USA Inc	Interest accrued but not due on borrowings	21,074,855	49,745	26,258,472

In USD

Name of the related party	Nature of transaction (Refer to Statement of Profit and Loss)	For the years ended 31 December 2016	For the years ended 31 December 2015
Reliance Eagleford Upstream Holding LP	Interest income	148,606,685	103,592,350
Reliance Holding USA Inc	Interest expenses	148,606,685	103,592,350

19 SEGMENT REPORTING

The Company is engaged in the business of exploration and production of oil and gas from shale reservoirs in the United States of America through its investments. Consequently, there is a single business and geographical segment.

20 The financial statements are approved for issue by the Holding Company's Board of Directors on 20 April, 2017

For and on behalf of the board of managers

Thakur Sharma
Manager

Place: New York
Date: 20 April, 2017